

# Momentum Global Balanced Fund (Class A)

Month ended 31 May 2018

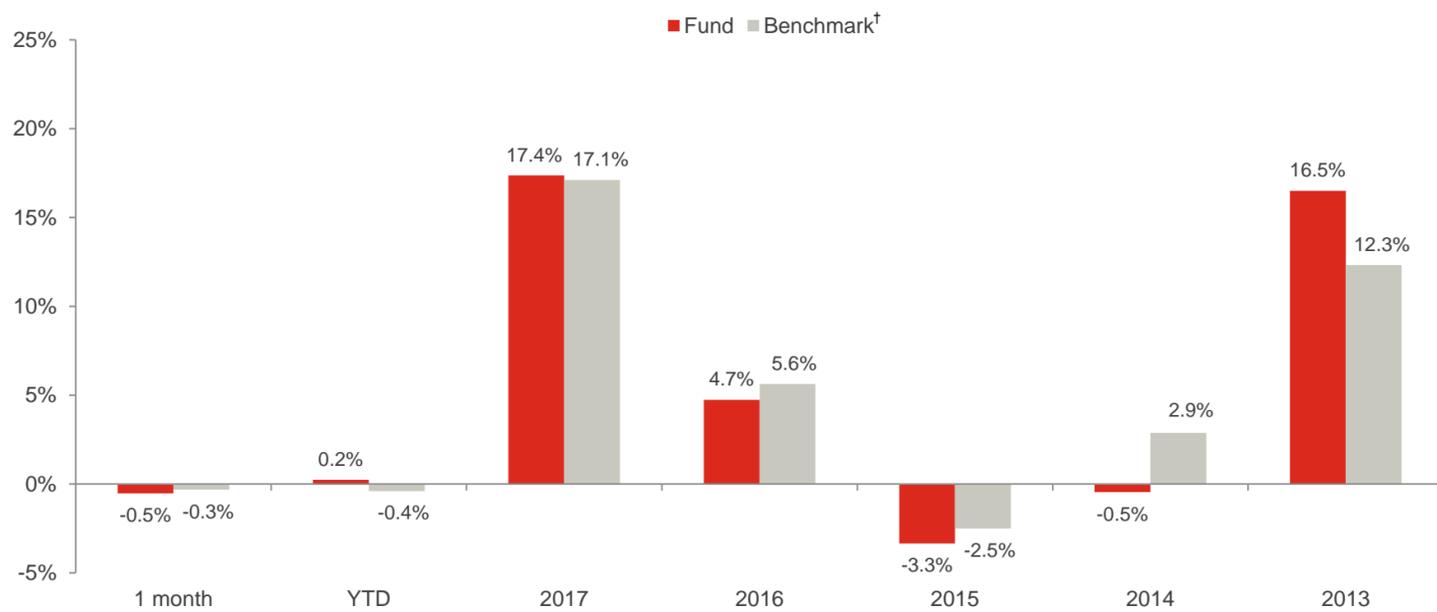
## Fund details\*

Investment manager: <b>Momentum Global Investment Management</b>	Investment timeframe: <b>3 years+</b>	Currency: <b>USD</b>
Minimum subscription: <b>USD 7,500</b>	Subscriptions / redemptions: <b>daily</b>	Initial fee: <b>none</b>
Inception date (investment strategy): <b>30 September 2004</b>	Inception date (fund): <b>18 April 2007</b>	Price per share: <b>USD 1.4082</b>
Benchmark: <b>60% MSCI AC World, 40% Citigroup WorldBIG</b>		

## Investment objective

The primary objective of the Fund is to provide a balance between capital preservation and capital growth over the full investment cycle in local currency terms with a reduced level of volatility. The diversified portfolio invests into a wide range of asset classes including cash, fixed income, high yield, equities, property and alternative investment strategies. As this portfolio is global in nature, exposure will be taken in a wide range of currencies and markets. The Fund is ideally suited to investors with a medium risk tolerance with an investment horizon of three years or longer.

## Fund performance



Past performance is not indicative of future returns. The fund performance is calculated on a total return basis, net of all fees and in US dollar terms.

## Top holdings

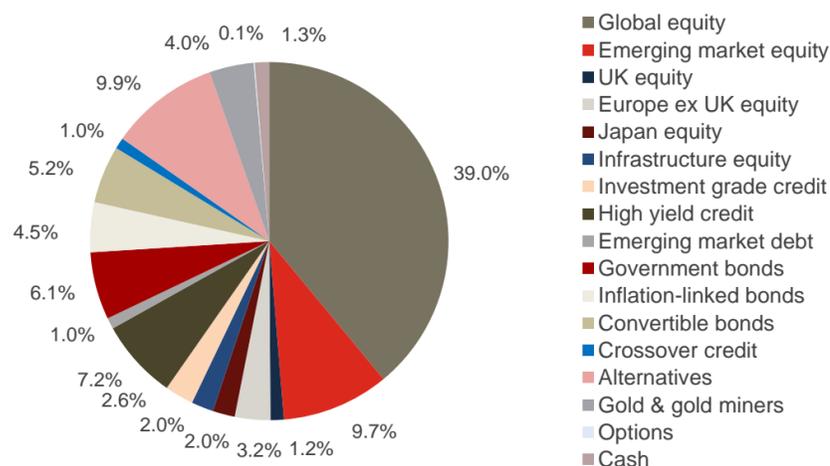
Holdings	Asset type	Weight
<sup>1</sup> iShares \$ Treasury Bond 7-10yr	Fixed Income	6.1%
<sup>2</sup> Artisan	Equity	5.6%
<sup>2</sup> Jennison	Equity	4.6%
<sup>1</sup> iShares \$ TIPS	Fixed Income	4.5%
<sup>1</sup> iShares MSCI Emerging Markets	Equity	3.9%
<sup>1</sup> AXA US Short Duration High Yield	Fixed Income	3.6%
<sup>2</sup> Hotchkis & Wiley	Equity	3.6%
<sup>1</sup> Muzinich EM Short Duration (USD hedged)	Fixed Income	3.6%
<sup>2</sup> Paradise	Equity	3.2%
<sup>2</sup> Lapidus	Equity	3.2%

<sup>1</sup> Direct holding  
<sup>2</sup> Indirectly held in the Momentum IF Global Equity Fund

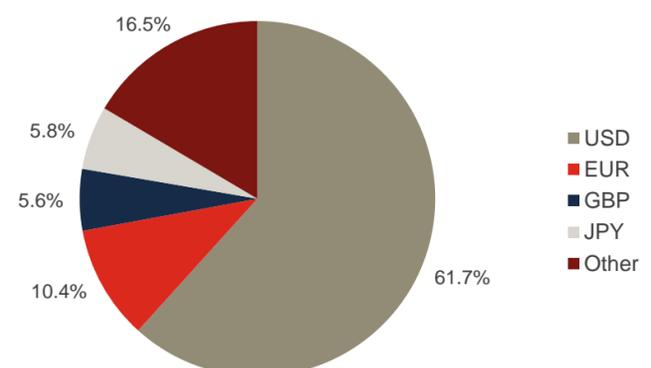
## Investment statistics (since investment strategy inception)

Current month return:	-0.5%
Cumulative return:	107.5%
Annualised return:	5.5%
Annualised volatility:	10.2%

## Strategy allocation



## Currency allocation



Sources: Morningstar, Lipper Hindsight, Momentum Global Investment Management. Northern Trust International Fund Administration Services (Guernsey) Limited.

\* Please refer to the fund supplement and scheme particulars for a detailed description of fees and fund facts.

## ■ Market commentary

The most notable event in the month was the fall-out from the indecisive Italian election in March: an unlikely coalition of the anti-establishment 5 Star Movement and the far right League was finally able to form a government in May, only to have their nomination of finance minister overturned by the President. Investors took fright as it seemed the coalition would use this as an opportunity to push for another election in which the populists could have increased their share of the vote, increasing the risks of Italy exiting the euro. In the event a compromise was reached, but not before yields on 10 year Italian bonds had moved sharply higher from 1.9% to 3.2% (now 2.8%).

With a government debt to GDP ratio of 130%, one of the highest in the world, Italy remains vulnerable, despite the better performance of its economy in the past year, and many Italians reject the budgetary constraints imposed by Brussels.

Positive data from the US; problems in Italy plus evidence of slowing growth across the Eurozone more broadly; and steep interest rate differentials between the US and other developed countries, all underpinned the US dollar in May. On a trade weighted basis the dollar rose 2.3% in May, continuing its recovery from the February lows.

The strong dollar and rising interest rates in the US combined to put pressure on emerging markets, especially those most vulnerable with high offshore debt levels and weak current accounts requiring dollar funding. Emerging market equities fell 2.2% in local currency terms over the month (-3.5% in dollar terms). Meanwhile developed markets added 1.3% (+0.6% in dollar terms), led by the US which was the best performing market in US dollar terms.

For the first time since the financial crisis safe haven government bonds, albeit only in the US, are beginning to offer an acceptable yield, and this will change the way other, riskier, markets perform in the months ahead.

The global economy continues to expand at a reasonable rate, and there are few if any signs of capacity shortages that would push up inflation rapidly and trigger an unexpected or steeper tightening of monetary policy. A key factor will be the huge growth in employment in the US over the past few years, leading to unemployment levels at near 50 year lows and some signs of a pick-up in wage inflation. This will be a key metric to watch in coming months but for the time being the economic environment remains broadly benign and hence we believe it is too early to be calling an end to this cycle.

Source: Bloomberg, Momentum Global Investment Management.

## ■ Risk warnings and important notes

Investment in the Fund may not be suitable for all investors and financial advice should be sought before proceeding with an investment. Past performance is not indicative of future returns and there can be no assurance that the performance of the Fund will achieve its stated objective. All performance is calculated on a total returns basis, net of all fees and commissions and in US dollar terms.

Collective investments are generally medium to long term investments and are traded at ruling prices. The value of the Fund and any income arising from it are not guaranteed and may fall, as well as rise, due to the value of its holdings, the income derived from them, and changes in interest rates. The Fund will hold shares or units in underlying funds which invest internationally, which will be exposed to exchange rate fluctuations, and may erode any potential gains.

Higher risk investments, such as small companies (even in developed markets), emerging markets, single country debt, equity funds, high yield and sub-investment grade debt may be more prone to sudden and larger falls in value in comparison to other investments. Unregulated funds may permit a greater degree of leverage than is permitted with regulated funds that are available to the general public in South Africa, which increases volatility and the risk of larger losses should the fund's value decrease.

The Fund may contain shares or units in underlying funds that do not permit dealing every day. It is not possible to immediately assess the proper market price of these investments, as they will only be realisable on their dealing days.

A fund of fund collective investment scheme only invests in other collective investments, which levy their own charges. The fees charged within the Fund and by the managers of the underlying funds are not guaranteed and are subject to change thereby impacting the Fund's performance. Commissions and incentives may be paid and, if so, would be included in the overall costs. Deductions of charges and expenses mean that you may not get back the amount you invested.

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This document should be read in conjunction with the Prospectus of Momentum Mutual Fund ICC Limited and the Fund Supplement, in which all the current fees and expenses charged to the Fund are disclosed. For a detailed description of such fees and expenses, please refer to these Scheme Particulars which are available upon request from Momentum Wealth International Limited, La Plaiderie House, La Plaiderie, St Peter Port, Guernsey, GY1 1WF.

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